

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Brulte and Lockyer Analyst: Jeani Brent Bill Number: SB 1397

Related Bills: See Prior Analysis Telephone: 845-3410 Amended Date: 08/24/98

Attorney: Doug Bramhall

Sponsor:

SUBJECT: Exclusion/Amounts Received by Victims or Heirs of Victims of the Holocaust/Claim Settlement

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as amended May 21, 1998.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED/AMENDED _____ STILL APPLIES.

OTHER - See comments below.

SUMMARY OF BILL

Under the Revenue and Taxation Code, this bill would exclude from gross income any amounts received by a Holocaust victim or the heir or beneficiary of a Holocaust victim from a settlement of claims against any entity or individual for any recovered asset held at the close of World War II.

Under the Welfare and Institutions Code, this bill would, for purposes of determining eligibility for public benefits and Medi-Cal benefits, exempt certain amounts received by Holocaust victims. The Welfare and Institutions Code provisions would not affect the department and are not discussed in this analysis.

SUMMARY OF AMENDMENT

The August 24, 1998, amendments added the Welfare and Institutions Code provisions and eliminated provisions that specified this bill was a tax levy. Instead, the bill provides that it shall become operative on the same date the bill takes effect. This change means that amounts received in 1998, if any, are not exempt from tax. Except for the effective date, the department's analyses of the bill as introduced January 12, 1998, and as amended April 22, 1998, and May 21, 1998, still apply. The following technical consideration still applies and is included below for convenience.

EFFECTIVE DATE

This bill would take effect January 1, 1999, and would apply to amounts received on or after that date.

Technical Consideration

For clarification, the terms "heir" and "beneficiary" should be defined. The California Probate Code provides definitions for heir (Section 44) and beneficiary (Section 24), which includes heirs (intestate) and devisees (testate). These definitions could be incorporated by reference to the appropriate Probate Code section.

Board Position:

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Department/Legislative Director

Date

Johnnie Lou Rosas

9/4/98